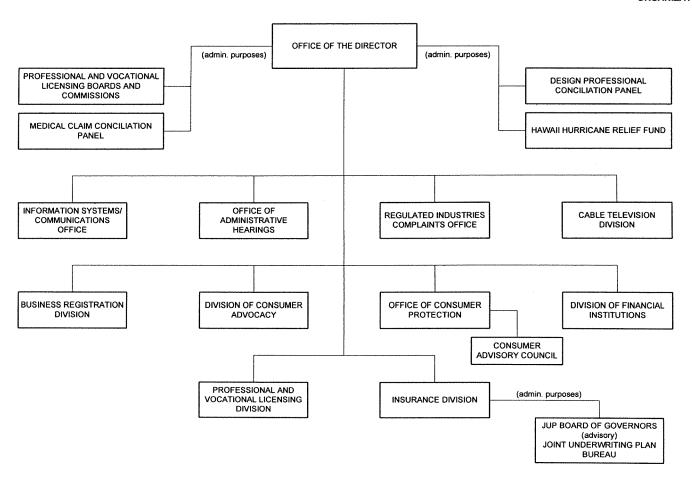


STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ORGANIZATION CHART



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS Department Summary

Mission Statement

To fairly regulate business, while ensuring consumer protection in commercial transactions in Hawaii.

Department Goals

To develop, promote, and implement rational business regulation; to consider the public interest and increase the opportunity for public involvement in the regulatory process; and to ensure fairness in the conduct of administrative hearings that address decisions made by department regulators.

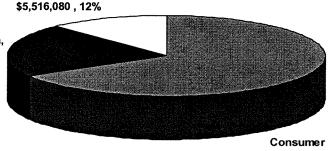
Significant Measures of Effectiveness	FY 2008	FY 2009
1. Percentage of complaints responded to within 90 days	90	90
2. Percentage of new licenses issued within 10-12 business days	95	95
3. Number of businesses directly affected by investigations	2000	2000

FB 2007-09 Operating Budget by Major Function

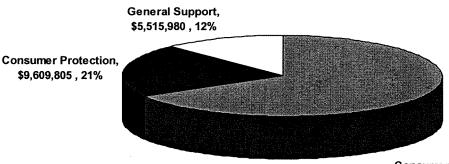
<u>FY 2008</u>

General Support,





Consumer Protection/Business Regulation, \$29,807,387,67%



Consumer Protection/Business Regulation, \$29,755,387,67%

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS MAJOR FUNCTIONS

- Develops standards relating to the licensing of and general supervision over the conduct of financial institutions, professions, businesses, trades, and insurance companies
- Grants or denies the issuance professional, business and trade licenses; directs investigations, holds hearings, and suspends, revokes or reinstates licenses; makes, amends or repeals such rules and regulations deemed proper to fully effectuate the provisions of the laws within the Department's scope and jurisdiction
- Represents, protects, and advances the interest of consumers of utility services; conducts investigations; assists and cooperates with Federal, State, and local agencies to protect the consumer's interests in the public utilities fields

- Coordinates consumer protection activities in the State; conducts investigations, research, and enforces laws, rules, an regulations in the area of consumer protection; provides consumer education services and programs
- Administers the laws of the State relating to corporations; partnerships; sales of securities; registration of trademarks, tradenames, prints and labels; miscellaneous business registrations; financial institutions; and the insurance industry
- Ensures that subscribers are provided with cable communication services which meet acceptable standards of quality, dependability, and fair rates; establishes technical standards of performances; maintains surveillance over filed rates, charges, terms, and conditions of services; and monitors the operations and management of cable television operators

MAJOR PROGRAM AREAS

The Department of Commerce and Consumer Affairs has programs in the following major program area:

Individual Rights

Consumer P	rotection/Business Regulation	Consumer Protection				
CCA 102	Cable Television	CCA 103	Consumer Advocate for Communication,			
CCA 104	Financial Institution Services		Utilities, and Transportation Services			
CCA 105	Professional and Vocational Licensing	CCA 110	Office of Consumer Protection			
CCA 106	Insurance Regulatory Services	CCA 112	Regulated Industries Complaints Office			
CCA 111	Business Registration and Securities Regulation	General Sup	port			
		CCA 191	General Support			

Department of Commerce and Consumer Affairs (Operating Budget)

		Allocation		
		FY 2007	FY 2008	FY 2009
Funding Sources:	Positions	340.00	392.00	392.00
Special Funds	\$	42,244,410	42,644,654	42,592,554
		4.00	5.00	5.00
Trust Funds		2,149,568	2,288,618	2,288,618
		344.00	397.00	397.00
Total Requirements		44,393,978	44,933,272	44,881,172

Highlights of the Executive Budget Request: (general funds unless noted)

- 1. Provides \$1,049,520 in special funds for Insurance Division, Captive Insurance Branch operating expenses.
- 2. Provides \$81,310 for FY08 and \$81,210 for FY09 in special funds for repair and maintenance and electricity costs for the King Kalakaua Building.
- 3. Provides \$52,000 in special funds for a scanning project to put Professional and Vocational Licensing program records on electronic medium.
- 4. Provides 1 permanent examiner position for the Insurance Division's Financial Surveillance and Examination
- 5. Provides 1 permanent licensing clerk position for the Insurance Division's Licensing Branch.
- 6. Converts 50 temporary positions to permanent in the Regulated Industries Complaints Office.

PROGRAM ID:

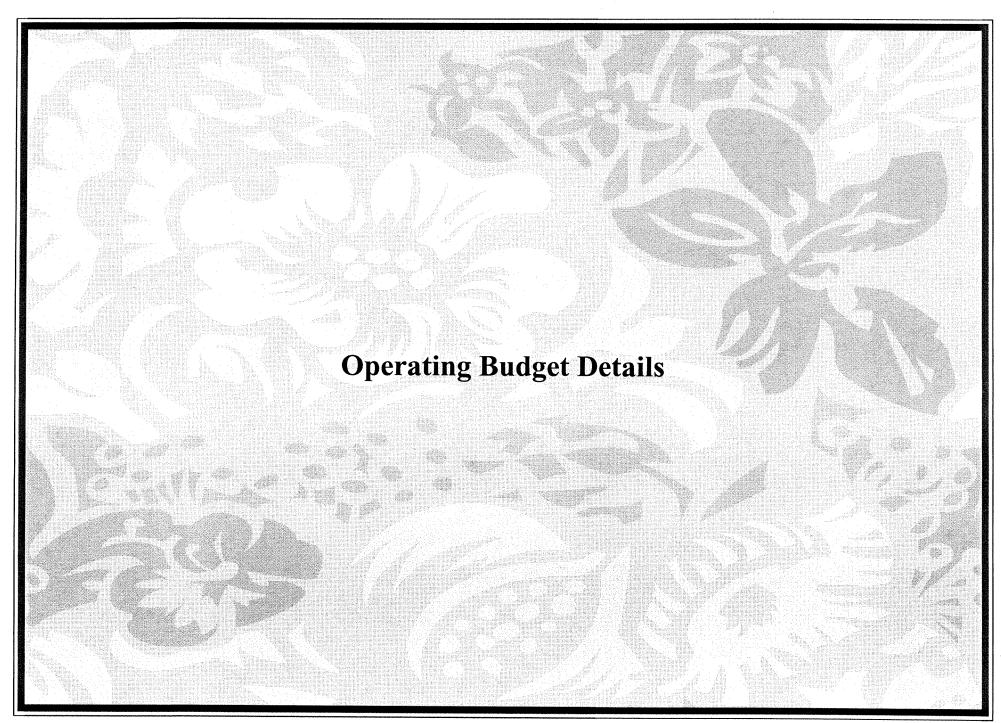
PROGRAM STRUCTURE NO.

PROGRAM TITLE:

DEPARTMENT OF COMMERCE AND CONSUMER AFFA

		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	338.00*	344.00*	397.00*	397.00*	397.0*	397.0*	397.0*	397.0*
PERSONAL SERVICES	23,613,140	29,164,056	30,113,780	30,113,780	30,113	30,113	30,113	30,113
OTHER CURRENT EXPENSES	11,302,570	16,442,922	14,819,492	14,767,392	14,768	14,768	14,768	14,768
TOTAL OPERATING COST	34,915,710	45,606,978	44,933,272	44,881,172	44,881	44,881	44,881	44,881
BY MEANS OF FINANCING	22/ 22:	2/0.00	202.004	392.00*	392.0*	392.0*	392.0*	392.0*
CRECTAL FUND	334.00*	340.00* 43.564.410	392.00* 42.644.654	42,592,554	42,592	42,592	42,592	42,592
SPECIAL FUND	33,892,627 4.00*	43,564,410	5.00*	5.00*	5.0*	5.0*	5.0*	5.0*
TRUST FUNDS	1,023,083	2,042,568	2,288,618	2,288,618	2,289	2,289	2,289	2,289
TOTAL POSITIONS	338.00*	344.00*	397.00*	397.00*	397.00*	397.00*	397.00*	397.00*
TOTAL PROGRAM COST	34,915,710	45,606,978	44,933,272	44,881,172	44,881	44,881	44,881	44,881

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PROGRAM ID:

PROGRAM STRUCTURE NO. 10

PROGRAM TITLE:

INDIVIDUAL RIGHTS

		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	ARS FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	338.00*	344.00*	397.00*	397.00*	397.0*	397.0*	397.0*	397.0*
PERSONAL SERVICES	23,613,140	29,164,056	30,113,780	30,113,780	30,113	30,113	30,113	30,113
OTHER CURRENT EXPENSES	11,302,570	16,442,922	14,819,492	14,767,392	14,768	14,768	14,768	14,768
TOTAL OPERATING COST	34,915,710	45,606,978	44,933,272	44,881,172	44,881	44,881	44,881	44,881
BY MEANS OF FINANCING	334.00*	340.00*	392.00*	392.00*	392.0*	392.0*	392.0*	392.0*
SPECIAL FUND	33,892,627 4.00*	43,564,410 4.00*	42,644,654 5.00*	42,592,554 5.00*	42,592 5.0*	42,592 5.0*	42,592 5.0*	42,592 5.0*
TRUST FUNDS	1,023,083	2,042,568	2,288,618	2,288,618	2,289	2,289	2,289	2,289
TOTAL POSITIONS	338.00*	344.00*	397.00*	397.00*	397.00*	397.00*	397.00*	397.00*
TOTAL PROGRAM COST	34,915,710	45,606,978	44,933,272	44,881,172	44,881	44,881	44,881	44,881

PROGRAM ID:

CCA102

PROGRAM STRUCTURE NO. 10010301

PROGRAM TITLE:

CABLE TELEVISION

		IN THOUSANDS						
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
PERSONAL SERVICES	339,428	353,228	375,972	375,972	376	376	376	376
OTHER CURRENT EXPENSES	454,886	1,874,253	856,362	856,362	856	856	856	856
TOTAL OPERATING COST	794,314	2,227,481	1,232,334	1,232,334	1,232	1,232	1,232	1,232
BY MEANS OF FINANCING				1				
	4.00*	4.00*	4.00*	4.00*	4.0*	4.0*	4.0*	4.0*
SPECIAL FUND	794,314	2,227,481	1,232,334	1,232,334	1,232	1,232	1,232	1,232
TOTAL POSITIONS	4.00*	4.00*	4.00*	4.00*	4.00*	4.00*	4.00*	4.00*
TOTAL PROGRAM COST	794.314	2,227,481	1,232,334	1,232,334	1,232	1,232	1,232	1,232
TOTAL TROUBLE 2001								

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: CCA102
PROGRAM STRUCTURE: 10010301
PROGRAM TITLE: CABLE TELEVISION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS 1. % HOMES WHERE CABLE TV SERVICE AVAILABLE IN STATE 2. %COMPL BY CABLE TV COM SYS W/STATE & REG RPTG REQS 3. % COMPLAINTS ADDRESSED WITHIN 30 DAYS	99	99	99	99	99	99	99	99
	99	99	99	99	99	99	99	99
	99	99	99	99	99	99	99	99
PROGRAM TARGET GROUPS 1. HAWAII HOUSEHOLDS (000) 2. HAWAII BUSINESSES (000) 3. CABLE TELEVISION SÜBSCRIBERS (000) 4. CABLE TELEVISION COMPANIES 5. PEG ACCESS ORGANIZATIONS	420	7425	425	425	430	430	430	430
	30	30	30	31	.31	31	32	32
	397	397	397	397	400	400	400	405
	1	2	2	2	2	2	2	2
	4	4	4	4	4	4	4	4
PROGRAM ACTIVITIES 1. # POL & STDS PROCEEDINGS FOR CABLE COM SVCS (CCS) 2. # OF CATV APPLICATIONS REVIEWED BY CATV 3. # INSP, INVSTGN, COMPL REVIEWS BEGUN/ENDED BY CATV 4. # TESTMNS REL TO CABLE COM TO LEG, CONG, GOVT AGEN 5. # MTGS ON DEV, CONST, USE OF FACIL REL TO CCS 6. # OF COMPLAINTS AND INQUIRIES RECEIVED 7. # RATE FILINGS RECEIVED AND EXAMINED BY CATV 8. # OF INET PROJ REQUESTS RECEIVED/PROCESSED 9. # OF PEG ACCESS RELATED ACTIVITIES	2	2	2	2	2	2	2	2
	1	1	1	1	1	1	1	1
	12	12	12	12	12	12	12	12
	10	10	10	10	10	10	10	10
	4	4	4	4	4	4	4	4
	220	220	225	230	235	240	245	250
	8	8	8	8	8	8	8	8
	50	50	50	50	50	50	50	50
	240	240	250	260	270	280	290	300
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) LICENSES, PERMITS, AND FEES REVENUES FROM THE USE OF MONEY AND PROPERTY TOTAL PROGRAM REVENUES	2,021 113 2,134	75 75	1,500 75 1,575	1,550 75 1,625	1,550 75 1,625	1,600 75 1,675	1,700 75 1,775	1,700 75 1,775
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	2,134	75	1,575	1,625	1,625	1,675	1,775	1,775
	2,134	75	1,575	1,625	1,625	1,675	1,775	1,775

To foster the development of responsive and reliable cable television communications services for the people of Hawaii, by promoting the public interest in authorizations by the State regarding cable television franchises; regulate basic cable television rates and service to ensure compliance with applicable State and Federal law; expand and operate the Statewide Institutional Network ("INET"); and continue the availability of Public, Education and Government ("PEG") cable access.

B. Description of Request and Compliance with §37-68(1)(A)(B)

1. MOF B. Reduce funding -\$1,000,000 for non-recurring costs for the State Institutional Network.

C. <u>Description of Activities Performed</u>

- 1. Franchising is the single most important tool by which the division can determine and build in requirements for quality services. This applies to new franchises, franchise renewals and transfers of franchises.
- 2. Technical inspections and reporting requirements are important means by which quality cable communications services can be assured. We continue to enforce and monitor.
- Long range planning can enhance the division's ability to identify new and improved services, future community needs and interests and enhancing technologies.
- 4. Support for PEG access promotes diversity of programming.

- Monitoring complaint responses and complaint resolution ensure improved consumer service.
- 6. PEG contracts are to be procured pursuant to Chapter 103D, HRS. We have prepared a draft RFP and are seeking public input on the process.

D. Statement of Key Policies Pursued

- 1. To continue the policy of greater access to cable service to the extent possible in light of topography and economics.
- 2. To meet community needs and interests by encouraging the continued accessibility of local educational, governmental and public programming to all cable systems.
- 3. To promote a coordinated approach to planning the State's future cable communication infrastructure.
- 4. To use cable communications to bring Hawaii's geographically dispersed communities closer together, and to enrich Hawaii's diverse ethnic and cultural groups.
- 5. To encourage the cable industry to take a significant role in business development and job formation in Hawaii.

<u>CCA-102 Cable Television</u> 10 01 03 01

E. Identification of Important Program Relationships

- 1. In cable regulation, federal law and state law must be applied together. Communications and working relationships with the Federal Communications Commission and members of Congress will be developed and maintained.
- 2. Education and government institutions are important constituencies of cable regulation due to a federal law promoting access programming. Independent public producers continue to provide input to the division.
- 3. Consumers continue to have high priority in the cable regulatory program.
- 4. Cable operators are large multiple system operators.

F. Description of Major External Trends Affecting the Program

Rate regulation by the State has been limited to ensure compliance with Federal standards. The Cable Communications Policy Act of 1984, Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996 continue to spawn much litigation and uncertainty in cable regulation and changes in the implementation of these laws. The Telecommunications Act of 1996 also allows cable operators to develop advanced informational services as well as entry into local telephone and telecommunications markets, and allows telecommunication providers to enter the cable market. These new services and market entrants will provide additional challenges to the Division. There is some developing competition by DBS providers.

G. Discussion of Cost, Effectiveness, and Program Size Data

There are no significant discrepancies between planned cost, effectiveness, and program size and those achieved.

H. Discussion of Program Revenue

Program revenue is derived from annual fees assessed to franchised cable operators.

I. Summary of Analysis Performed

There are no major or substantial changes to the program's objectives and activities.

J. Further Considerations

The State needs to retain flexibility due to rapid developments in both technology and the law. At the same time, it is in the public interest to closely coordinate all communications planning through specific programs that take advantage of what each new technology has to offer.

PROGRAM ID:

CCA103

PROGRAM STRUCTURE NO. 10010302

PROGRAM TITLE:

CONSUMER ADVOCATE FOR COMM, UTIL & TRAN

							IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13			
OPERATING COST	23.00*	23.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*			
PERSONAL SERVICES	1,108,782	1,730,288	1,757,179	1,757,179	1,757	1,757	1,757	1,757			
OTHER CURRENT EXPENSES	798,804	957,820	948,614	948,614	949	949	949	949			
TOTAL OPERATING COST	1,907,586	2,688,108	2,705,793	2,705,793	2,706	2,706	2,706	2,706			

BY MEANS OF FINANCING				1							
	23.00*	23.00*	23.00*	23.00*	23.0*	23.0*	23.0*	23.0*			
SPECIAL FUND	1,907,586	2,688,108	2,705,793	2,705,793	2,706	2,706	2,706	2,706			
TOTAL POSITIONS	23.00*	23.00*	23.00*	23.00*	23.00*	23.00*	23.00*	23.00*			
TOTAL PROGRAM COST	1,907,586	2,688,108	2,705,793	2,705,793	2,706	2,706	2,706	2,706			
						=======		========			

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:
CCA103
10010302
CONSUMER ADVOCATE FOR COMMUNICATIONS, UTIL & TRANSPORTATION SVCS

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS	2005-06	2000-07	2007-08	2006-09	2009-10	2010-11	2011-12	2012-13
1. AV% DEC ON UTIL & TRANP AGREE W/DIV RECOMMENDATNS 2. CONS SAVINGS DUE TO PARTIC IN UTIL PROC (000'S) 3. CONS SAV DUE TO PARTIC IN MOTOR CARR PROC (000'S)	80	80	80	80	80	80	80	80
	34100	10000	10000	10000	10000	10000	10000	10000
4. CONS SAV DUE TO PARTIC IN WATER CARR PROC (000'S) 5. % PROCEDURAL DEADLINES MET 6. # PEOPLE REACHED THROUGH EDUC/OUTREACH EVENTS 7. # OF NEWSLETTERS/PUBLICATIONS DISTRIBUTED 8. # OF COMPLAINTS RESPONDED TO WITHIN 24 HOURS 9. % OF ALT ENERGY SOURCES USED BY ELECTRIC UTILITIES	100 0 0	5 100 300 300 24 13	100 300 300 24 14	100 300 300 24 14	100 300 300 24 14	100 300 300 24 15	100 300 300 24 15	100 300 300 24 15
PROGRAM TARGET GROUPS 1. DE FACTO POPULATION IN HAWAII (000'S) 2. # OF RESIDENTIAL ELECTRICAL METERS (000'S) 3. # OF NON-RESIDENTIAL USERS (000'S) 4. # OF ELECTRIC PUBLIC UTILITIES REGULATED BY PUC 5. # OF SUPPLIERS OF ELEC ENERGY TO ELEC PUB UTILS 6. # TELECOM COMMON CAR (FED & ST LIC) OPER IN HI 7. # PIPD GAS, WATR, WAST WATR PUB UTIL REG BY PUC 8. #PROP MOTOR CARRIERS HLDG CERT PUBLC CONV & NESSTY 9. # PASS CARRIERS HLDG CERT PUBLC CONV & NESSTY 10. # WATER CARRIERS REGULATED BY PUC	1395 395 65 4 21 196 39 451 597	1410 400 66 4 23 210 40 450 600 3	1425 400 66 4 24 210 40 453 603 3	1440 405 67 4 24 215 41 453 603 3	1455 405 67 4 25 215 41 455 606	1470 410 68 4 25 220 42 455 606	1485 410 68 4 26 220 42 457 609 3	1500 415 69 4 26 225 43 457 609
PROGRAM ACTIVITIES 1. # OF UTILITY GENERAL RATE APPL REVIEWED BY DIV 2. #OF GEN TARIFF CHGS FILED BY MOTOR CARR REV BY DIV 3. # OF NON-RATE APPL BY UTIL COMP REV BY DIV 4. #OF INVST FOR QUAL SVC/OPER INTEG PARTIC IN BY DIV 5. # RULE-MKG PROC/GENERIC DCKTS PARTIC IN BY DIV 6. # OF EDUCATION/OUTREACH EVENTS ATTENDED 7. # OF NEWSLETTERS/PUBLICATIONS CREATED	5	5	5	5	5	5	5	5
	105	100	100	100	100	100	100	100
	94	140	140	140	140	140	140	140
	1	2	2	2	2	2	2	2
	10	12	12	12	12	12	12	12
	27	24	24	24	24	24	24	24
	3	3	3	3	3	3	3	3
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	81	105	95	85	85	85	85	85
	2,592	2,631	2,631	2,631	2,631	2,631	2,631	2,631
	2,673	2,736	2,726	2,716	2,716	2,716	2,716	2,716
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	2,673	2,736	2,726	2,716	2,716	2,716	2,716	2,716
	2.673	2.736	2,726	2,716	2,716	2,716	2.716	2,716

Through advocacy, education, and long range planning, to ensure sustainable, reliable, safe, and quality communications, utility and transportation services at fair cost for Hawaii's consumers for the short and long term

B. Description of Request and Compliance with §37-68(1)(A)(B)

Add funding for fringe rate increase. Funding is needed because the fringe rate estimate for FB 2005-07 is 40% and the base budget includes fringe at a lower rate.

C. Description of Activities Performed

- 1. The Director and the Division staff advocate positions on behalf of consumers of utility and transportation services before the State of Hawaii Public Utilities Commission ("PUC"), the Federal Communications Commission ("FCC"), and other federal, state and local agencies. These positions are developed and advocated concerning: (a) Applications for authority to offer new services; (b) Rate and fare proposals; (c) Revenue and earnings requirements of regulated utilities; (d) Financing of equipment, plant, and other facilities, (e) Review of capital improvement projects; (f) Transfers, extensions, and cancellations of permits, franchises, and certificates; (g) Regulations governing regulated industries; (h) Formulation of policies and long range planning for telecommunications and energy utilities; and (i) Service quality.
- 2. Compliance investigations are conducted regarding the adequacy and efficiency of utility services.
- 3. Education of consumers through web site, newsletters, sponsored events, and attendance at trade-shows, fairs, business and community meetings, etc.

D. Statement of Key Policies Pursued

1. Ensure robust energy and telecommunications infrastructures. This program is highly proactive in implementing the objectives and policies for both energy and

telecommunications systems stated in the Hawaii State Planning Act, HRS, §226-18 and 18.5, respectively. The program advances the public interest by advocating for dependable, efficient and reasonably priced telecommunications and energy systems.

- 2. <u>Provide jobs; stabilize and diversify Hawaii's economy.</u> The program endeavors to ensure that high quality utility and transportation services are available to all businesses and customers at reasonable rates.
- 3. <u>Maintain a healthy visitor industry.</u> The program provides Hawaii a voice before federal agencies to encourage reasonably-priced telecommunications services to ensure that Hawaii remains competitive with other tourist destinations.
- 4. Educate people about utility matters that affect them, how they can be wiser consumers, and how they can more fully participate in the regulatory process. Encourage consumers to play a more active role in moving our state's energy and other utility policies forward.

E. Identification of Important Program Relationships

- 1. Federal utility and telecommunications policies should be consistent with components of the Hawaii State Plan. However, Hawaii's uniqueness may, at times, require exemption from federal policies in selected areas.
- 2. Because the PUC must make fact-based findings and determinations, this Program provides the PUC with thoroughly researched, fact-based recommendations consistent with administrative initiatives and the interests of consumers.
- 3. At the county level, consumers demand low-cost, quality barge and motor carrier services, and reasonably priced electric, gas, and telephone service.

- 4. State and county agencies such as the Department of Health, Department of Business and Economic Development and Tourism, Department of Agriculture, the Public Works Division of the Department of Accounting and General Services, and the Department of Transportation are continually consulted.
- 5. Compliance with environmental requirements may cause higher utility costs, eventually to be borne by the consumers.

F. Description of Major External Trends Affecting the Program

- 1. Movement toward competition in the electric, transportation and telecommunications industries and resulting changes in regulation.
- 2. Changing energy requirements and technological developments in the energy field. Promotion of energy efficiency, rather than consumption, is a dramatic example.
- 3. The growth of wide-spectrum telecommunications is affecting the quality, quantity, and pricing of communication services.
- 4. The adversary system in regulatory proceedings is costly and time-consuming.
- 5. Technological developments in information transmission are re-directing the course of telecommunications.
- Rapid increase in demand for electric and telecommunications services has caused a commensurate increase in capital improvement projects and rate increase requests.

G. Discussion of Cost, Effectiveness, and Program Size Data

1. The program has changed its area of emphasis and the methods in which it carries out the program directives. The program has reduced emphasis in some areas of

responsibility and focused more on energy, telecommunications, water and wastewater services.

2. The program has fourteen of twenty-three positions filled, and currently must rely upon consultant services where the size, scope, and sophistication of the problems confronting consumers require specialized expertise, in the form of cost-beneficial "services for fee."

H. Discussion of Program Revenue

Not applicable.

I. Summary of Analysis Performed

Four studies analyzed and evaluated the current regulatory program: (1) "Management Audit of the Public Utilities Commission and the Division of Consumer Advocacy (January 2004); (2) "Management Audit of the Public Utilities Program of the State of Hawaii," (February 1989); (3) "Management Study of the Public Utilities Division, Department of Regulatory Agencies and the Public Utilities Commission," (January 1980); and (4) "Management Audit of the Public Utilities Program," (August 1975, three volumes). The Legislative Auditor has made several recommendations affecting the Program.

J. Further Considerations

The Program has implemented some of the recommendations included in the 2004 study.

PROGRAM ID:

CCA104

PROGRAM STRUCTURE NO. 10010303

PROGRAM TITLE:

FINANCIAL INSTITUTION SERVICES

		IN DOL	LARS		IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13	
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	29.00* 1,695,705 248,466	29.00* 2,243,073 324,759	29.00* 2,253,522 324,759	29.00* 2,253,522 324,759	29.0* 2,253 325	29.0* 2,253 325	29.0* 2,253 325	29.0* 2,253 325	
TOTAL OPERATING COST	1,944,171	2,567,832	2,578,281	2,578,281	2,578	2,578	2,578	2,578	
BY MEANS OF FINANCING						••			
SPECIAL FUND	29.00* 1,944,171	29.00* 2,567,832	29.00* 2,578,281	29.00*; 2,578,281	29.0* 2,578	29.0* 2,578	29.0* 2,578	29.0* 2,578	
TOTAL POSITIONS TOTAL PROGRAM COST	29.00* 1,944,171 	29.00* 2,567,832	29.00* 2,578,281	29.00* 2,578,281	29.00* 2,578 	29.00* 2,578	29.00* 2,578	29.00* 2,578	

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID:
PROGRAM STRUCTURE:
PROGRAM TITLE:

CCA104
10010303
FINANCIAL INSTITUTION SERVICES

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS								
 % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES 	92	89 95	95 95	95	95	95 95	95	95
%COMPL FIN INST APPL PROC TIMELY & PURS TO STAT	100	95	95	95	95	95	95	95
% WRITTEN INQS REVIEWED/PROCESSED W/IN 30 DAYS	95	85	90	90	90	90	90	90
4. % LIC RENWLS REVIEW/PROC TIMELY, PURS TO STDS	100	959 85	95 85	95 90	95 90	95 90	95 90	95 95 90 95 9 0
5. % AUDITED FINANCIAL STATEMTS REVIEWED W/IN 30 DAYS	47	83	65	90	90	90	90	90
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1395	1410	1425	1440	1455	1470	1485	1500
2. FIN INST, BRANCHES & OTHER OFFICES REGULATED	389	500	500	500	500	500	500	1500 500
PROGRAM ACTIVITIES					000	200	000	000
# FIN INST BRANCHES & OTHER OFFICES EXAMINED # OF APPLICS OF FINAN INSTS REVIEWED	305 79	285 120	290 120	290 120	290 120	290 120	290 120	290
# OF APPLICS OF FINAN INSTS REVIEWED # OF WRITTEN INQUIRIES RECEIVED	323	370	360	360	360	360	360	120 3 60
4. # OF LICENSES RENEWED	178	170	210	210	210	210	210	210
5. # AUDITED FIN STATEMENTS RECEIVED FOR REVIEW	17	57	57	57	57	57	57	57
6. # OF WRITTEN COMPLAINTS RECEIVED	85	90	95	95	95	95	95	95
7. # OF TELEPHONE/WALK-IN INQUIRIES RECEIVED	4332	4400	4400	4400	4400	4400	4400	4400
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
TAXES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
LICENSES, PERMITS, AND FEES	10	8	8	8	_8	_8	_8	_8
REVENUES FROM THE USE OF MONEY AND PROPERTY	86	78 57	78	75	75 400	75	75 400	75
CHARGES FOR CURRENT SERVICES	74		386	416	426	426	426	426
TOTAL PROGRAM REVENUES	2,170	2,143	2,472	2,499	2,509	2,509	2,509	2,509
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	2,170	2,143	2,472	2,499	2,509	2,509	2,509	2,509
TOTAL PROGRAM REVENUES	2,170	2,143	2,472	2,499	2,509	2,509	2,509	2,509

To ensure the safety and soundness of state-chartered and state-licensed financial institutions by fairly administering applicable statutes and rules in order to protect the rights and funds of depositors, borrowers, consumers, and other members of the community, and to supervise escrow depositories and money transmitters.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Program is requesting no adjustments to its base budget.

C. Description of Activities Performed

The Division is responsible for the licensure, examination and supervision of statechartered banks, trust companies, savings and loan associations, financial services loan companies, credit unions, escrow depository companies, and money transmitters.

D. Statement of Key Policies Pursued

The Division's greatest challenge is to be responsive to changes in the financial services industry. This is accomplished through: (1) ensuring that the Division's laws, rules, policies, procedures and resources enable the Division to effectively and efficiently regulate and supervise the financial services industry, and (2) maintaining a work force that is highly skilled and effective through continuous and on-going training.

E. Identification of Important Program Relationships

Cooperation among federal and state financial regulators will be required to achieve the goal of maintaining public confidence in the financial system. It is more important than ever to promote uniformity, consistency and cooperation among the regulators, especially with the advent of interstate banking and branching, internet banking, implementation of the federal financial modernization laws allowing affiliations among banks and securities firms, insurance companies and other financial services companies, and increased emphasis on compliance with federal Bank Secrecy Act and anti-money laundering laws. A good foundation has been laid for such interaction. Existing laws, policies, and procedures for coordinating the supervision of financial institutions (including the conduct of joint examinations, the coordinated processing of applications, the sharing of confidential supervisory information, and coordinated efforts for enforcement actions) between the federal and state regulatory agencies continue to be reviewed and refined in order to achieve optimal supervisory efficiency for the protection of the public while minimizing the regulatory burdens on the financial services industry.

F. Description of Major External Trends Affecting the Program

Dramatic changes in the financial services industry have been occurring over the last decade, and are expected to continue. The industry has seen increased competition from non-banking entities, the industry has sought expanded powers to enable it to compete, there has been a wave of acquisitions and consolidations and Congress continues to pass major federal legislation impacting the powers, operations, and structure of financial institutions.

Congress passed the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 to authorize interstate banking and branching; the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 to eliminate legal barriers to affiliations among banks and securities firms, insurance companies and other financial services companies and to establish federal standards for financial privacy; the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 to address terrorism in the aftermath of

the September 11 tragedy; the Sarbanes-Oxley Act of 2002 to address corporate governance issues raised by the Enron and other corporate scandals; the Fair and Accurate Credit Transactions Act of 2003 to address issues related to credit reporting and to combat identity theft; and the Check Clearing for the 21st Century Act in 2003 to facilitate check truncation and electronic check exchanges.

In response to the passage of these laws and the adoption of implementing regulations by various federal agencies, the Division has had to submit legislation to change conflicting or inconsistent State laws relating to interstate banking and branching and foreign banking; adopt supervisory protocols and agreements with other state and federal banking agencies for the cooperation and coordination of regulatory activities; increase coordination and cooperation with other federal and state agencies that serve as the functional regulators of certain financial institution activities; and implement new examination procedures and enhance other program activities to ensure institutions are in compliance with the new laws and regulations.

Further legislation and regulation are expected at the federal level by both Congress and the federal banking agencies. Among issues that still must still be dealt with are implementing the Basel II capital accords for large internationally active banks, Basel IA capital standards for all other banks, and identity theft and commercial real estate lending guidelines. Other possible issues that may arise include the merger of the federal bank and thrift charters, the restructuring of the federal banking agencies, and the reform of regulation of the Federal Home Loan Bank System and the government sponsored housing agencies.

Homeland security continues to be a critical issue that will require the Division to work closely with the private sector and with law enforcement and other state and federal agencies to protect the financial sector.

Training of the Division's staff will continue to be a high priority. The development and maintenance of a highly skilled and effective work force will be even more essential given the dramatic changes in the financial services industry.

G. Discussion of Cost, Effectiveness, and Program Size Data

After several years of consolidation in the financial services industry, the number of institutions and offices supervised and licensed by the Division has increased and is expected to increase further in FY 07 with the newly enacted law requiring licensing of money transmitters. This increase, coupled with the increasing complexity of issues the Division deals with as the financial services industry evolves and as new laws, rules and regulations are enacted requires that training of staff continues to be priority. In FY 06 Division was able to fill some of its vacancies, but has experienced additional vacancies thus far in FY 07. Although Division is actively trying to fill its vacancies, it continues to face difficulties in finding qualified applicants.

H. Discussion of Program Revenue

Revenue generated from the current program comes primarily from the franchise tax, annual office fees, application fees, and license fees. Examination fees and examination expenses billed to the financial institutions are also sources of revenue, but are not being collected in FY07 due to adequate reserves in the Compliance Resolution Fund at this time.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

PROGRAM ID:

CCA105

PROGRAM STRUCTURE NO. 10010304

PROGRAM TITLE:

PROFESSIONAL & VOCATIONAL LICENSING

		IN DOLLARS					IN THOUSANDS				
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13			
OPERATING COST PERSONAL SERVICES OTHER CURRENT EXPENSES	60.00* 4,091,150 1,246,086	60.00* 4,773,243 2,192,162	60.00* 4,811,895 2,351,162	60.00* 4,811,895 2,299,162	60.0* 4,812 2,299	60.0* 4,812 2,299	60.0* 4,812 2,299	60.0* 4,812 2,299			
TOTAL OPERATING COST	5,337,236	6,965,405	7,163,057	7,111,057	7,111	7,111	7,111	7,111			
BY MEANS OF FINANCING	56.00*	56.00*	55.00*	55.00* 	<i>55</i> .0*	55.0*	55.0*	55.0*			
SPECIAL FUND	4,447,468 4.00*	5,173,518 4.00*	5,125,120 5.00*	5,073,120 5.00*	5,073 5.0*	5,073 5.0*	5,073 5.0*	5,073 5.0*			
TRUST FUNDS	889,768	1,791,887	2,037,937	2,037,937	2,038	2,038	2,038	2,038			
TOTAL POSITIONS TOTAL PROGRAM COST	60.00* 5,337,236	60.00* 6,965,405	60.00* 7,163,057	60.00* 7,111,057	60.00* 7,111	60.00* 7,111	60.00* 7,111	60.00* 7,111			

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: PROGRAM STRUCTURE: 10010304
PROGRAM TITLE: PROFESSIONAL AND VOCATIONAL LICENSING

	FY	FY						
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS 1. % NEW LICENSES ISSUED WITHIN 10-12 BUSINESS DAYS 2. % LICENSEES RENEWED WITHIN 10-12 BUSINESS DAYS 3. % PVL-PROPOSED LEGISLATIVE MEASURES ENACTED	97	95	95	95	95	95	95	95
	98	97	97	97	97	97	97	97
	10	90	90	90	90	90	90	90
PROGRAM TARGET GROUPS 1. DE FACTO POPULATION IN HAWAII (000) 2. PERS/BUS LIC BY PVL'S REG BDS, COMS & PROG (000) 3. PERS/BUS SEEKING LICENSES FROM PVL (000) 4. REG BOARDS, COMMISSIONS, PROG ASSIGNED TO PVL	1395	1410	1425	1440	1455	1470	1485	1500
	289737	300000	310500	319815	331000	340930	352860	363445
	14735	15000	14500	14500	14500	14500	14500	14500
	45	45	45	45	45	45	45	45
PROGRAM ACTIVITIES 1. # OF PROF & VOC APPLICATIONS RECEIVED 2. # OF EXAMINEES & REEXAMINEES 3. # OF APPLICANTS LICENSED 4. # OF PERMITS ISSUED 5. # OF LICENSES RENEWED 6. # OF UPDATE TRANSACTIONS FOR LICENSES 7. # CONDO REQUESTS, APPLS, REPORTS & EDUC OFFERINGS 8. # OF REAL ESTATE REQUESTS AND EDUC OFFERINGS 9. # OF SUBDIVISION FILINGS RECEIVED 10. # OF EXAMS & EXAM PROC DEV, MODIFIED OR REVIEWED	17232 11732 14735 3120 46958 206591 58064 102338 13 28	17000 10700 15000 2500 60000 209000 62500 101650 13 28	17000 10700 15000 2500 47000 209000 62500 101650 13 28	17000 10700 15000 2500 60000 299000 62500 101650 13 28	17000 10700 15000 2500 47000 209000 62500 101650 13 28	17000 10700 15000 2500 60000 209000 62500 101650 13 28	17000 10700 15000 2500 47000 209000 62500 101650 13 28	17000 10700 15000 2500 60000 209000 62500 101650 13
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) LICENSES, PERMITS, AND FEES REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	3,694	3,571	3,606	3,674	3,519	3,747	3,581	2,802
	198	156	138	123	106	87	71	53
	1,617	1,415	1,542	1,415	1,541	1,414	1,541	1,414
	163	546	43	551	43	546	43	43
	5,672	5,688	5,329	5,763	5,209	5,794	5,236	4,312
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	5,509	5,142	5,286	5,212	5,166	5,248	5,193	4,269
	163	546	43	551	43	546	43	43
	5,672	5,688	5,329	5,763	5,209	5,794	5,236	4,312

To ensure that the individual is provided with professional, vocational, and personal services meeting acceptable standards of quality, equity, dependability, and promptness by establishing and enforcing appropriate service standards; to regulate activities for the protection, welfare and safety of the participants as well as the public.

B. Description of Request and Compliance with §37-68(1)(A)(B)

- 1. MOF B. Add funding +\$52,000 in FY 08 for partial costs of two-year scanning project started in FY 07.
- 2. Change funding for 1.00 FTE (P) Condo Program Specialist #101968 and 1.00 FTE (T) Real Estate Specialist II #102122 from Compliance Resolution Fund to the Condo Management Education Fund and the Real Estate Education Fund respectively.
 - MOF B. Reduce -1.00 FTE (P), -1.00 FTE (T), funding -\$132,601.
 - MOF T. Add +1.00 FTE (P), +1.00 FTE (T), funding +\$132,601.

C. Description of Activities Performed

The special funded program is responsible for the licensing and regulation of 45 different professions and vocations. It provides administrative support to 25 regulatory licensing boards and, on behalf of the director of the department, administers 20 regulatory licensing programs.

The trust funds are dedicated to specific statutory purposes to educate the licensees who are the contributors to the fund, or serve as a source of monetary recovery for an injured consumer, or support increased government service demands by licensees. One fund is federally mandated to collect fees on its behalf, with revenues going to the federal agency.

D. Statement of Key Policies Pursued

For both the special and trust funds, clients of the program are to be serviced with quality, equity, dependability, and promptness. Those clients which the program licenses are to be competent so that the consuming public's health, safety and welfare are protected.

E. Identification of Important Program Relationships

The special funded program has equally important relationships with other State agencies, the City and Counties, federal agencies, private sector programs, and national regulatory and licensing bodies. Persons who are licensed by this program may be employees, contractors, service providers of these private and public sector agencies. Consultation and coordination may be necessary in cases where changes in licensing and regulation could have a significant or adverse affect on said agencies.

The trust funds do not necessarily require agency relationships since the beneficiaries of the trust funds are the contributing licensees, or injured consumers, or a federal agency.

F. Description of Major External Trends Affecting the Program

A change in economic conditions could affect the number of persons seeking licensure or renewing licenses. This impacts revenues to the special fund and the

trust funds and the program's self-sufficiency. With the recent upturn of the economy, noticeable increases occurred with construction and real estate related professions and vocations. Health related professions continue to increase.

Federal licensing mandates also impact the program, although nothing is pending at this time.

G. Discussion of Cost, Effectiveness, and Program Size Data

For the special fund, the budget is consistent with the program's anticipated expenditures. The programs' prudent spending requires them to have a fund balance at the end of the fiscal year, for carryover purposes. New regulatory programs enacted by the legislature and assigned to this program, as well as general increases in cost for products and services, could increase expenditures, which the budget does not take into account.

For the trust funds, the budget is consistent with the program's planned program of work and anticipated expenditures.

H. Discussion of Program Revenue

For the special fund, all revenues are derived from fees paid by applicants for professional and vocational licenses, and renewing licensees. With the advent of self-sufficiency in July 1994, the program is sustained by its revenues, has not sought fee increases, has provided discounts for on-line renewals provided the licensing area is online eligible and listed in HRS 92-28, continues its cost control measures to maintain appropriate service standards in spite of rising operational costs, and further ensures sufficient carryover balances each year.

For the trust funds, revenues are derived from trust fund fees paid in initial license and/or at renewal. Estimation of revenues is based on past trending and other planned

program of work, estimation of recovery fund payouts to consumers from the applicable fund(s). External considerations, such as the effect of economic conditions, also impacts revenues.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

PROGRAM ID:

CCA106

PROGRAM STRUCTURE NO. 10010306

PROGRAM TITLE:

INSURANCE REGULATORY SERVICES

		IN DOLI	LARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	76.00*	79.00*	80.00*	80.00*	80.0*	80.0*	80.0*	80.0*
PERSONAL SERVICES	4,491,901	5,985,328	6,242,659	6,242,659	6,243	6,243	6,243	6,243
OTHER CURRENT EXPENSES	5,378,362	6,858,431	6,150,849	6,150,849	6,151	6,151	6,151	6,151
TOTAL OPERATING COST	9,870,263	12,843,759	12,393,508	12,393,508	12,394	12,394	12,394	12,394
BY MEANS OF FINANCING				1				
	76.00*	79.00*	80.00*	80.00*	80.0*	80.0*	80.0*	80.0*
SPECIAL FUND	9,783,928	12,643,759	12,193,508	12,193,508	12,194	12,194	12,194	12,194
TRUST FUNDS	86,335	200,000	200,000	200,000	200	200	200	200
TOTAL POSITIONS	76.00*	79.00*	80.00*	80.00*	80.00*	80.00*	80.00*	80.00*
TOTAL PROGRAM COST	9,870,263	12,843,759	12,393,508	12,393,508	12,394	12,394	12,394	12,394

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: CCA106
PROGRAM STRUCTURE: 10010306
PROGRAM TITLE: INSURANCE REGULATORY SERVICES

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS								
 % OF COMPLAINTS RESOLVED WITHIN 90 DAYS % INSURER'S EXAM WKLD COMPL AT LEAST ONCE IN 5 YR % CAPTIVE INSUR EXAM WKLD CMP EV 3 YR OR W/IN 5 YR % RATE/POL FILINGS REVIEWED W/IN STAT TIME REQMTS % MV INSURANCE FRAUD CASES INDICTED BY STATE % CHANGE FROM PRIOR YEAR IN # OF CAPTIVE LICENSEES 	97	97	97	97	97	97	97	97
	100	100	100	100	100	100	100	100
	60	60	75	85	90	95	100	100
	90	90	95	95	95	95	95	95
	100	100	100	100	100	100	100	100
	4.6	2.5	6.1	5.7	5.4	5.2	4.9	4.7
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000) 2. INSURER LICENSEES REGULATED BY INSURANCE DIV 3. CAPTIVE LICENSEES REGULATED BY INSURANCE DIVISION 4. OTHER LICENSEES REGULATED BY INSURANCE DIVISION 5. MOTOR VEHICLES SUBJECT TO INS REGULATIONS (000)	1395	1410	1425	1440	1455	1470	1485	1500
	27534	29150	30659	32174	32184	32194	32204	32214
	160	167	174	184	194	204	214	224
	27378	28983	30485	31990	31990	31990	31990	31990
	858	858	858	858	858	858	858	858
PROGRAM ACTIVITIES								
1. # OF INSURER REPTS ANALYZD FOR HJUP RATE MAKING 2. # OF LICENSE APPL, RENEWALS & UPDATES PROCESSED 3. # OF COMPLAINTS 4. # FRAUD REFER & COMPLAINTS OPEN FOR INVESTIGATIONS 5. # INFORM BRFNGS & CAPTIVE DEV ACTIVITIES DURING YR 6. # OF ANNUAL COMPANY FILINGS PROCESSED 7. # INSUR & CAPTIVES APPL FOR CERT OF AUTH REVIEWED 8. # OF EXAMS OF DOMESTIC INS & INS-TYPE ENTITIES 9. # INSURER & ISSUER RATE & POLICY FILINGS ANALYZED 10. # OF PREMIUM TAX STATEMENTS FILED	7300	7300	23	23	23	23	23	23
	294300	287101	159504	161557	163613	165671	165732	165795
	893	927	930	930	930	930	930	930
	58	45	50	55	60	65	65	65
	8	12	12	12	12	12	12	12
	3008	3085	3214	3294	3374	3454	3534	3614
	40	40	40	40	40	40	40	40
	71	53	66	75	115	113	118	125
	6979	6800	7100	7100	7100	7100	7100	7100
	6370	6376	6359	6396	6406	6416	6426	6436
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) TAXES LICENSES, PERMITS, AND FEES REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES FINES, FORFEITS AND PENALTIES NON-REVENUE RECEIPTS TOTAL PROGRAM REVENUES	89,778	89,800	89,900	90,000	90,000	90,000	90,000	90,000
	2,891	2,820	2,820	2,820	2,820	2,820	2,820	2,820
	232	182	182	182	182	182	182	182
	3,451	6,104	8,104	8,104	8,104	8,104	8,104	8,104
	108	89	89	89	89	89	89	89
	5,736	7,400	7,400	7,400	7,400	7,400	7,400	7,400
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS SPECIAL FUNDS ALL OTHER FUNDS	93,668	95,200	9 5,200	95,200	95,200	95,200	95,200	95,200
	8,385	10,989	13 ,089	13,189	13,189	13,189	13,189	13, 189
	143	206	206	206	206	206	206	206
TOTAL PROGRAM REVENUES	102,196	106,395	108,495	108,595	108,595	108,595	108,595	108,595

To ensure that consumers are provided with insurance services meeting acceptable standards of quality, equity, and dependability at fair rates by establishing and enforcing appropriate service standards and fairly administering the Insurance Code.

B. Description of Request and Compliance with §37-68(1)(A)(B)

- 1. MOF B. Add +2.00 FTE (T) Clerk Typist II in FY 08 for Loss Mitigation Grant Program pursuant to HRS §431:22; funding by Act 115, SLH 2006.
- 2. MOF B. Add count +1.00 FTE (P) and transfer funding from B-cost to A-cost \$65,004/+\$65,004 for Examiner II for Financial Surveillance and Examination Branch.
- 3. MOF B. Add count +1.00 FTE (P) and transfer funding from B-cost to A-cost \$36,530/+\$36,530 for Licensing Clerk I for Licensing Branch.
- 4. MOF B. Add count +1.00 FTE (T) and transfer funding from B-cost to A-cost \$39,538/+\$39,538 for Account Clerk IV for Financial Surveillance and Examination Branch.
- 5. MOF B. Add funding of \$1,049,520 for recurring costs of the Captive Insurance Administrative Fund that are funded by Act 1, SSLH 2005 for the FB 2005-07 and for an estimated increase in operating costs.
- 6. MOF B. Reduce count -1.00 FTE (P) and funding -\$240,070 for abolishment of Education Specialist IV #92205R (trade-off for Business Management Officer #117842 in CCA-191AA) and to reflect projected expenditures.

C. Description of Activities Performed

The program is responsible for the regulatory oversight of the insurance industry. The major activities are: (1) analysis of approval or disapproval of policies and rate filings; (2) review of insurance entities financial, operating and tax statements; (3) field examinations of insurers,

health maintenance organizations, rating organizations, mutual and fraternal benefit societies, advisory organizations, agencies, independent claims organizations, guaranty associations; (4) qualification examinations and licensing insurers, health maintenance organizations and all categories of producers to transact insurance; (5) administration of the Hawaii Joint Underwriting Plan, including the development and promulgation of motor vehicle insurance rates, (6) investigation of complaints by the public on alleged violations of insurance statutes and rules and other consumer request for assistance; (7) investigation of violations and enforcement of motor vehicle claims fraud law; (8) regulatory surveillance for market conduct and financial condition of all insurers, health maintenance organizations, and mutual and fraternal benefit societies for compliance with insurance laws, and (9) licensing, examination and regulatory oversight of the captive insurance companies and development of the captive industry in Hawaii.

D. Statement of Key Policies Pursued

Implementing the State Plan on Individual Rights by assuring the public of the broadest possible insurance coverage and benefits commensurate with reasonable rates from competent insurers and producers; by monitoring the financial solvency of licensed insurance companies to assure the insurers' ability to pay claims; enforcing all laws and regulations; and improving the level of voluntary compliance by the industry and public.

E. Identification of Important Program Relationships

The Director of the Commerce and Consumer Affairs has tasked the Division to provide staff support services in the administration of Chapter 448D, HRS, Dental Service Organizations; Chapter 488, HRS, Prepaid Legal Services; and Act 232, §5, SLH 1984, Patients' Compensation Fund. The Insurance Commissioner is an ex-officio member of the Hawaii Hurricane Relief Fund.

F. Description of Major External Trends Affecting the Program

1. Federal Financial Services Modernization Act of 1999 (Gramm-Leach-Bliley Act) eliminated many of the barriers between banking, securities and insurance; it allows banks to sell insurance and insurance companies to perform banking functions. The Act mandated that

- a majority of states create uniform or reciprocal agent licensing law by November 15, 2002. This deadline was met by a majority of states.
- 2. Today, Congress is still looking at state-based insurance regulation and is considering additional federal oversight. Congress has proposed the State Modernization & Regulatory Transparency Act (SMART) and Optional Federal Charter.
- 3. The effect of worldwide catastrophic events, natural or man-made, such as the Florida and Gulf coast hurricanes of 2004 and 2005, impacts property insurance by affecting the reinsurance market.

G. Discussion of Cost, Effectiveness, and Program Size Data

- 1. The Financial Surveillance and Examination Branch completed 100% of the examination of insurers within the statutory time frame in the last fiscal year. Twenty one domestic insurers, seventeen risk retention groups, two health maintenance organizations, and six mutual benefit societies are examined at least once every three to five years.
- 2. The Compliance and Enforcement Branch investigators resolved approximately 98% of consumers and industry (excluding cases referred for formal resolutions by administrative hearings) in 90 days in the last fiscal year. The Branch averages about 800 complaints annually.
- 3. The Rate and Policy Analysis Branch completed 90% of forms and rate filings reviews within the statutory time requirements in the last fiscal year. Annually, approximately 6,800 forms and rate filings are analyzed.
- 4. The Licensing Branch maintains the licensing database for over 24,015 licensees. With the exception of insurers and health maintenance organizations, the Branch oversees and collects the renewal fees annually, issues new licenses, and update the database for changes made by licensees. The Branch maintains the on-line features, which includes insurance licensee search, downloading licensing forms, fee schedules & information for various licenses, tracking of licensee's continuing education credits; and an option to pay renewal fees on-line. The Branch is now processing electronic filings for producers licensing

applications, new appointments and termination of appointments and address changes for both resident and nonresident licensees.

- 5. The Captives Branch has licensed a total of 196 captive insurance companies, with 159 active licenses at the end of last fiscal year. Hawaii maintains its position as second in the U.S. of captive domiciles. The aggregate total of the licensed captive companies' assets, premiums and investments held in Hawaii financial institutions have exceeded that of the twenty Hawaii domestic commercial insurers.
- 6. The Motor Vehicle Fraud Branch opened 58 new investigations and obtained indictments on 100% of their cases presented to grand jury in the last fiscal year.

H. Discussion of Program Revenue

- 1. The program collected \$88.3 million of insurance premium taxes for deposit into the general fund in FY 2005-06.
- 2. The program's operating expenditures, except for the captive program cost, are paid from the .CRF. The CRF revenue sources are licensing fees, fines, penalties, reimbursements, and assessments to cover the budget program's appropriation.
- 3. The captive program operating expenditures are paid from the CIAF. The CIAF revenue sources are premium taxes, fees, fines, penalties, and reimbursements to cover the budget program's appropriation

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

PROGRAM ID:

CCA110

PROGRAM STRUCTURE NO. 10010401

PROGRAM TITLE:

OFFICE OF CONSUMER PROTECTION

		IN DOLL	.ARS			IN IHOU:	24MD2	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST PERSONAL SERVICES	16.00* 1,111,133	16.00* 1,361,204	16.00* 1,398,374	16.00* 1,398,374	16.0* 1,398	16.0* 1,398	16.0* 1,398	16.0* 1,398
OTHER CURRENT EXPENSES	221,080	252,591	252,591	252,591	253	253	253	253
TOTAL OPERATING COST	1,332,213	1,613,795	1,650,965	1,650,965	1,651	1,651	1,651	1,651
BY MEANS OF FINANCING	16.00*	16.00*	16.00*	16.00*	16.0*	16.0*	16.0*	16.0*
SPECIAL FUND	1,285,233	1,563,114	1,600,284	1,600,284	1,600	1,600	1,600	1,600
TRUST FUNDS	46,980	50,681	50,681	50,681	51	51	51	51
TOTAL POSITIONS	16.00*	16.00*	16.00*	16.00*	16.00*	16.00*	16.00*	16.00*
TOTAL PROGRAM COST	1,332,213	1,613,795	1,650,965	1,650,965	1,651	1,651	1,651	1,651
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PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: CCA110
PROGRAM STRUCTURE: 10010401
PROGRAM TITLE: OFFICE OF CONSUMER PROTECTION

	FY	FY	FY	FY	FY	FY	FY	FY
MEACUREO OF FEFFOTWENEGO	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS 1. # CONSUMERS DIRECTLY AFFECTED BY OFFICE ACTN (000) 2. # BUSINESSES DIRECTLY AFFECTED BY OFFICE INVSTIGTNS 3. \$ AMT OF FINES ASSESSED OR COSTS IMPOSED (000) 4. # DISPUTES HANDLED THRU ALT DISPUTE RESOLUTION	29	30	30	30	30	30	30	30
	845	1005	1000	1000	1000	1000	1000	1000
	1583	1850	1900	1900	1900	1900	1900	1900
	105	100	100	100	100	100	100	100
PROGRAM TARGET GROUPS 1. RESIDENT STATE POPULATION (000) 2. VISITORS TO HAWAII (000)	1300	1300	1300	1300	1300	1300	1300	1300
	7445	7000	7000	7000	7000	7000	7000	7000
PROGRAM ACTIVITIES 1. # OF CONSUMER COMPLAINTS REC (EXCL LANDLD/TENANT) 2. # OF COMPLAINTS INITIATED BY OCP 3. # OF LANDLORD-TENANT DISPUTES PROCESSED 4. # OF COMPLNTS RESOLVED AT INVESTIGATIVE LEVEL 5. # OF LEGAL ACTIONS 6. # INQ RECVD ON BUSINESS COMPLAINT HISTORIES 7. # PERSONS REACHED THRU EDUCATIONAL EFFORTS 8. # LEG PROP FOR WHICH OCP PROVIDED TESTIMONY	1690	1500	1500	1500	1500	1500	1500	1500
	36	55	55	55	55	55	55	55
	9574	10200	10000	10000	10000	10000	10000	10000
	685	700	700	700	700	700	700	700
	8	19	15	15	15	15	15	15
	3819	6500	6000	6000	6000	6000	6000	6000
	5200	5000	5000	5000	5000	5000	5000	5000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES FINES, FORFEITS AND PENALTIES TOTAL PROGRAM REVENUES	19	15	15	15	15	15	15	15
	2	2	2	2	2	2	2	2
	469	300	300	300	300	300	300	300
	490	317	317	317	317	317	317	317
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	<u>490</u>	317	317	317	317	317	317	317
	490	317	317	317	317	317	317	317

To protect the public interest by investigating alleged violations of consumer protection laws, taking legal action to stop unfair or deceptive trade practices in the marketplace, and assisting in educating the public and businesses concerning their respective legal rights and obligations in the marketplace.

B. Description of Request and Compliance with §37-68(1)(A)(B)

1. MOF B. Add funding +\$23,249 for cost of authorized positions.

C. Description of Activities Performed

Investigation of Complaints. Receive all complaints on a statewide basis: walk-ins, mail and telephone; evaluate complaints in relation to investigation threshold criteria, for cases meeting threshold requirements; determine all facts of complaint; determine from facts whether or not there is a violation of any consumer protection law; refer cases which, on their face, fall within the jurisdiction of another agency; inform complainant of findings of fact and course of action to be taken, if any, by this office or another governmental agency; coordinate fact finding functions with other governmental agencies; monitor advertisements; subpoena witnesses for investigation of facts; conduct investigative public hearings to determine if there is any violation of consumer protections law.

Landlord-Tenant Cases. Provide Landlord-Tenant code information to callers.

<u>Prosecution.</u> Determine adequacy of evidence to prove violation prior to filing a complaint in court; negotiate Assurance of Voluntary Compliance or Consent Judgment prior to the filing of a complaint in court; take court action against business

entity which has violated consumer protection law; obtain injunction, civil penalty and restitution for consumers in court actions and settlement of cases.

<u>Legislation</u>. Promulgate rules and regulations to protect consumers; draft consumer protection legislation for the Department; recommend consumer protection legislation to the Legislature; and offer testimony on other consumer protection legislation.

D. Statement of Key Policies Pursued

To protect the interests of both the consumer public and legitimate businesses by investigating alleged violations of consumer protections laws; taking legal action to stop unfair or deceptive practices in the marketplace; proposing, drafting or responding to consumer-related legislation and contributing to the Department's efforts in educating the consumer public and businesses of their respective legal rights and obligations in the marketplace; to promote voluntary compliance with consumer-related laws by the business community; to enforce consumer protection laws within the Division's jurisdiction; and to promote and to assist in the formation of consumer education groups and programs.

These policies will further the stated objectives of the State Plan on Individual Rights.

E. Identification of Important Program Relationships

Important program relationships are maintained with the National Association of Attorneys General, the Federal Trade Commission, the U.S. Consumer Product Safety Commission, the State Attorney General, various divisions of the Department, and various county police departments and prosecuting attorneys.

F. Description of Major External Trends Affecting the Program

State and Federal consumer protection offices across the country continue to be a strong force in protecting the public from unfair or deceptive trade practices. OCP regularly participates in joint investigations and prosecutions with numerous state and federal agencies, such as, the state attorneys general and the Federal Trade Commission. Close inter-jurisdictional coordination with these external entities has allowed OCP to expand its level of consumer protection without increasing costs.

G. Discussion of Cost, Effectiveness, and Program Size Data

None.

H. Discussion of Program Revenue

Not applicable.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

PROGRAM ID:

CCA111

PROGRAM STRUCTURE NO. 10010403

PROGRAM TITLE:

BUSINESS REGISTRATION & SECURITIES REGUL

	***************************************	IN DOLL	_ARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	73.00*	75.00*	75.00*	75.00*	75.0*	75.0*	75.0*	75.0*
PERSONAL SERVICES	4,002,164	4,795,935	4,917,227	4,917,227	4,917	4,917	4,917	4,917
OTHER CURRENT EXPENSES	977,416	1,532,980	1,522,980	1,522,980	1,523	1,523	1,523	1,523
TOTAL OPERATING COST	4,979,580	6,328,915	6,440,207	6,440,207	6,440	6,440	6,440	6,440
BY MEANS OF FINANCING								
	73.00*	75.00*	75.00*	75.00*	75.0*	75.0*	75.0*	75.0*
SPECIAL FUND	4,979,580	6,328,915	6,440,207	6,440,207	6,440	6,440	6,440	6,440
TOTAL POSITIONS	73.00*	75.00*	75.00*	75.00*	75.00*	75.00*	75.00*	75.00*
TOTAL PROGRAM COST	4,979,580	6,328,915	6,440,207	6,440,207	6,440	6,440	6,440	6,440
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PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: CCA111
PROGRAM STRUCTURE: 10010403
PROGRAM TITLE: BUSINESS REGISTRATION AND SECURITIES REGULATION

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS								
1. AV DAYS PROC CORP, PART, LLC, TRADE NM W/EXPED HANDLG 2. AV DAYS PROC CORP, PART, LLC, TRADE NM W/ REG HANDLG 3. AV DAYS PROC APPS FOR BROKER/DEALERS/INV ADVISORS 4. AV DAYS TO PROCESS APPLICS FOR SALESPERSONS 5. AV DAYS TO PROCESS APPS FOR INVESTMT ADVISERS REPS 6. AVG AGE OF CASES PENDING IN INVESTIGATIONS SECTION 7. AVG AGE OF CASES PENDING IN LEGAL SECTION 8. AVG AGE OF ALL CASES PENDING IN ENFORCEMENT 9. TOTAL DOLLAR AMOUNT OF PENALTIES IMPOSED 10. TOTAL DOLLAR AMOUNT OF FINES IMPOSED	1 5 30 15 15 485 493 468 0	1 3 25 15 15 640 365 365 375000 150000	1 3 25 15 15 640 365 365 375000 100000	1 3 25 15 15 640 365 365 375000 100000	1 3 25 15 15 640 365 365 375000 100000	1 3 25 15 15 640 365 365 375000 100000	1 3 25 15 15 640 365 365 375000 100000	1 3 25 15 15 640 365 365 375000 100000
PROGRAM TARGET GROUPS 1. CORP, PART, LLC, TRNAMES, TRMKS, SVC MKS ON REC(000) 2. DLRS, SALES, SECURITY OFF, FRANCH, INV ADV & REPS	143968	148000	152000	156000	160000	164000	168000	172000
	73062	76000	80000	83000	86000	90000	94000	98000
PROGRAM ACTIVITIES 1. # DOCS FOR PROC & ANN REPTS, STMTS SENT OUT BY DRB 2. # SECURITIES COMPLIANCE APPLICATIONS RECEIVED 3. # ENFORCE CASES OPENED FOR INVES DESIGN TIME PER 4. # DISCIPLINARY/ENFORCE-RELATED INQUIRIES RECEIVED 5. # OF COMPLTS RESOLVED AT INVESTIGATIVE LEVEL IN FY 6. # ENFORCEMENT CASES CLOSED DURING THE FISCAL YR	59827	61000	63000	66000	69000	72000	75000	78000
	31134	33000	35000	37000	39000	42000	45000	48000
	62	75	75	75	75	75	75	75
	1575	2000	2000	2000	2000	2000	2000	2000
	60	60	60	60	60	60	60	60
	35	35	35	35	35	35	35	35
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) LICENSES, PERMITS, AND FEES REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES FINES, FORFEITS AND PENALTIES TOTAL PROGRAM REVENUES	1,724	3,500	3,700	3,700	3,700	3,700	3,700	3,700
	386	185	200	200	200	200	200	200
	3,485	4,121	4,296	4,296	4,296	4,296	4,296	4,296
	457	350	75	75	75	75	75	75
	6,052	8,156	8,271	8,271	8,271	8,271	8,271	8,271
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS TOTAL PROGRAM REVENUES	6,052	8,156	8,271	8,271	8,271	8,271	8,271	8,27 <u>1</u>
	6,052	8,156	8,271	8,271	8,271	8,271	8,27 1	8,271

To maintain Hawaii's business registry by registering corporations, limited liability companies, partnerships, trade names, trademarks, and service marks and providing access of registered information to the public, and to administer and enforce Hawaii's securities and franchise laws.

B. Description of Request and Compliance with §37-68(1)(A)(B)

1. MOF B. Add funding +\$76,194 for cost of authorized positions.

C. <u>Description of Activities Performed</u>

- 1. <u>Corporations, partnerships, trade names, limited liability companies, etc.</u>
 Determine that all documents are filed in compliance with applicable statutory requirements. Assist the public in accessing information regarding documents that have been successfully filed with the Division, including implementing online access to public registration services and public documents.
- 2. <u>Sales of securities</u>. Examine applications for registration of securities to determine that public offerings of the securities comply with statutory requirements; register securities, salespersons, broker-dealers, investment advisers and investment adviser representatives; examine financial reports and records of securities dealers and investment companies; and conduct investigations of reported fraud and prosecute violations.

D. Statement of Key Policies Pursued

Implementation of the State Plan for Individual Rights by insuring that:

- 1. All filed documents are examined in a consistent manner and comply with statutory requirements. Public documents are made accessible to the public by request or online.
- 2. All sales of securities are done in compliance with the law. Securities dealers and investment companies are properly registered under state law. To ensure compliance, applications for registration are examined in a consistent and detailed manner. To enforce regulations, the Division conducts investigations and takes administrative action against violators. The Division also sponsors legislation to address loopholes and new trends in securities fraud. Effort is made to resolve consumer complaints and prosecute violators of the Uniform Securities Act.
- 3. Public announcements are made to the public to report fraud to the Division's hotline. In addition, the Division provides investor education literature and other outreach to assist investors to protect themselves against securities fraud.

E. Identification of Important Program Relationships

Relationships are maintained with the United States Securities and Exchange Commission, National Association of Securities Dealers, securities divisions of the different states and provinces of Canada, the Office of Consumer Protection, Attorney General's Office, Department of Taxation, City and County Prosecutor's Office, the International Association of Corporation Administrators, the North American Securities Administrator's Association, Inc., the Federal Bureau of Investigations and the Honolulu Police Department.

F. Description of Major External Trends Affecting the Program

The Division continues to expect growth in the number of business registration filings and information requests through the use of its internet portals and the public viewing

area in the King Kalakaua Building. Additionally, securities violations which result in formal action by the Securities Enforcement Branch on behalf of the Division continue to rise as the economy grows and more people invest in securities. The securities fraud schemes are also increasing in complexity due to the proliferation of information and ease of communication over the internet. In addition, securities violations against seniors are expected to rise as pensions, 401k's and other retirement money of the next generation of seniors begin to enter the market in an unprecedented volume.

G. Discussion of Cost, Effectiveness, and Program Size Data

See tables on projected measures of effectiveness, personnel requirements, and operating costs.

H. Discussion of Program Revenue

The expected workload increase is at least 10% per annum reflecting the health of the state economy. Revenue is expected to be slightly lower in fees for next year as fee reductions proposed in FY06 will be offset in part by any increases in the number of filings with the Division. Large settlements received in FY05 from the Securities and Exchange Commission from matters involving various investment banks are extraordinary items and additional future recoveries of this magnitude are not expected.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

This is a program which will continue to experience work load increases. To cope with the increases, reliance will be placed on improved computer information system

implementation and changes in the regulatory requirements. The Division will be working with the community to change the business laws and continue to improve internal document processing procedures and efficiency of operations.

The Division launched a BAC satellite office on Maui and is initiating another satellite office on Hawaii. One new permanent position has been added to the Maui BAC. Training will be provided by BAC staff. The Small Business Development Center Network and similar organizations may also provide assistance on a contract basis. Expenses incurred by the BAC for this neighbor island initiative include rental of space and equipment and costs associated with phone, electricity, other utilities, administration and travel to satellite offices by BAC staff.

PROGRAM ID:

CCA112

PROGRAM STRUCTURE NO. 10010404

PROGRAM TITLE:

REGULATED INDUSTRIES COMPLAINTS OFFICE

		IN DOLI	.ARS			IN THOUS	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	14.00*	15.00*	65.00*	65.00*	65.0*	65.0*	65.0*	65.0*
PERSONAL SERVICES	3,684,115	4,356,101	4,416,988	4,416,988	4,417	4,417	4,417	4,417
OTHER CURRENT EXPENSES	611,140	855,170	836,059	836,059	836	836	836	836
TOTAL OPERATING COST	4,295,255	5,211,271	5,253,047	5,253,047	5,253	5,253	5,253	5,253
BY MEANS OF FINANCING								
	14.00*	15.00*	65.00*	65.00*	65.0*	65.0*	65.0*	65.0*
SPECIAL FUND	4,295,255	5,211,271	5,253,047	5,253,047	5,253	5,253	5,253	5,253
TOTAL POSITIONS	14.00*	15.00*	65.00*	65.00*	65.00*	65.00*	65.00*	65.00*
TOTAL PROGRAM COST	4,295,255	5,211,271	5,253,047	5,253,047	5,253	5,253	5,253	5,253
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STATE OF HAWAII

PERFORMANCE MEASURES AND PROGRAM REVENUES

PROGRAM ID: CCA112
PROGRAM STRUCTURE: 10010404
PROGRAM TITLE: REGULATED INDUSTRIES COMPLAINTS OFFICE

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS 1. #CONSUMERS DIRECTLY AFFECTED BY RICO ACTIONS (000) 2. # BUSINESSES DIRECTLY AFFECTED BY INVESTIGATIONS 3. DOLLAR AMOUNT OF FINES ASSESSED	106	105	100	100	100	100	100	100
	2489	2000	2000	2000	2000	2000	2000	2000
	1258104	1000000	1000000	1000000	1000000	1000000	1000000	1000000
PROGRAM TARGET GROUPS 1. DE FACTO POPULATION IN HAWAII (000) 2. LICENSEES (000) 3. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	1395	1410	1425	1440	1455	1470	1485	1500
	289	267	267	267	267	267	267	267
	45	45	45	45	45	45	45	45
PROGRAM ACTIVITIES 1. # INQUIRIES RECEIVED BY RICO 2. # COMPLAINTS RECEIVED 3. # LEGAL ACTIONS 4. # COMPLAINT HISTORY INQUIRIES RECEIVED BY RICO 5. # PERSONS REACHED THROUGH EDUCATIONAL EFFORTS 6. # ASSISTS ON DEPT/NON-RICO MATTERS BY NI OFFICES	16287 3872 393 64671 91180 9255	15000 3800 300 65000 85000 8500	15000 3800 300 65000 85000 8500	15000 3800 300 65000 85000 8500	15000 3800 300 65000 85000 8500	15000 3800 300 65000 85000	15000 3800 300 65000 85000	15000 3800 300 65000 85000 85000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES FINES, FORFEITS AND PENALTIES TOTAL PROGRAM REVENUES	234	200	170	140	140	140	140	140
	3,994	4,510	4,010	4,510	4,010	4,510	4,010	4,010
	256	225	225	225	225	225	225	225
	4,484	4,935	4,405	4,875	4,375	4,875	4,375	4,375
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) SPECIAL FUNDS ALL OTHER FUNDS TOTAL PROGRAM REVENUES	4,474	4,925	4,395	4,865	4,365	4,865	4,365	4,365
	10	10	10	10	10	10	10	10
	4,484	4,935	4,405	4,875	4,375	4,875	4,375	4,375

To assist the general public by providing consumer education outreach activities, investigating complaints from the public and enforcing the licensing laws.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Convert all temporary positions to permanent to reflect the position usage and longterm status.

• MOF B. -50.00 FTE (T), +50.00 FTE (P), funding impact 0.

C. Description of Activities Performed

To meet its objective, the Division performs the following functions:

- 1. Intake, investigate, resolve and civilly or administratively prosecute complaints involving professional and vocational licensing law violations.
- 2. Information and referrals, complaints history dissemination, consumer and industry education through brochures, presentations at various physical locations manned statewide and through other participatory functions.
- 3. Administration of the State Certified Arbitration Program, also known as the state lemon law program.

D. Statement of Key Policies Pursued

The Division seeks to implement the State Plan for Individual Rights by providing better protection of consumers' rights and interests through education and resolution of complaints on a timely basis.

E. Identification of Important Program Relationships

The Division assists and maintains contacts with compatible programs in the Departments of Agriculture, Attorney General, Health, Land and Natural Resources, Transportation, Labor and Industrial Relations, State Tax Office, and other agencies of state government.

F. Description of Major External Trends Affecting the Program

Major external trends including national and local trends regarding industry practices, consumerism, and economics affect the program.

G. Discussion of Cost, Effectiveness, and Program Size Data

In response to increased demand for services, the division has over the course of the past four years made a concerted effort to increase staffing, including approval for an investigator position in the Maui office in FY06. As a result, division personnel expenditures have consistently increased but are now relatively stable. The increased staffing has enhanced the ability of the program to handle a larger volume of investigations in a timely manner. The program's revenue structure requires that there be a sufficient fund balance each fiscal year, for carryover purposes. New regulatory programs enacted by the legislature and assigned to the program, as well as general increases in personnel costs and costs for products and services, could increase expenditures, which the budget does not take into account.

H. Discussion of Program Revenue

The vast majority of program revenues are derived from compliance resolution fees paid by licensees. These revenues fluctuate, with higher revenues on odd-numbered years due to license renewal cycles. Revenue projections indicate that revenues in even-numbered years will not be sufficient to support program operations. To compensate for this fluctuation, it is important that the program maintain sufficient carryover balances each year to support operations during the even-numbered fiscal years. Without these balances, the program will be forced to further reduce expenditures related to its enforcement activities, or it must increase fees.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

PROGRAM ID: CCA191
PROGRAM STRUCTURE NO. 100105

PROGRAM TITLE:

GENERAL SUPPORT

		IN DOLL	_ARS			IN THOU:	SANDS	
PROGRAM EXPENDITURES	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY2012-13
OPERATING COST	43.00*	43.00*	45.00*	45.00*	45.0*	45.0*	45.0*	45.0*
PERSONAL SERVICES	3,088,762	3,565,656	3,939,964	3,939,964	3,940	3,940	3,940	3,940
OTHER CURRENT EXPENSES	1,366,330	1,594,756	1,576,116	1,576,016	1,576	1,576	1,576	1,576
TOTAL OPERATING COST	4,455,092	5,160,412	5,516,080	5,515,980	5,516	5,516	5,516	5,516
BY MEANS OF FINANCING				45.00	15 On	/ E . O	45.0*	45.0*
	43.00*	43.00*	45.00*	45.00*	45.0*	45.0*		
SPECIAL FUND	4,455,092	5,160,412	5,516,080	5,515,980	5,516	5,516	5,516	5,516
TOTAL POSITIONS	43.00*	43.00*	45.00*	45.00*	45.00*	45.00*	45.00*	45.00*
TOTAL PROGRAM COST	4,455,092	5,160,412	5,516,080	5,515,980	5,516 ======	5,516 ======	5,516 	5,516 ======

PERFORMANCE MEASURES AND PROGRAM REVENUES

STATE OF HAWAII

PROGRAM ID: CCA191
PROGRAM STRUCTURE: 100105
PROGRAM TITLE: GENERAL SUPPORT

	FY	FY	FY	FY	FY	FY	FY	FY
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MEASURES OF EFFECTIVENESS 1. %CASES COMPL W/IN DESIG TIME FOR CONTSTD CASE HRGS 2. %HRGS OFFCER REC ORDERS ADOPTED BY FINAL ADM AUTH 3. % HRGS OFFR REC ORDRS ADPT FINAL ADM AUTH SUSTAIN 4. %CASES RESLVD BY HRGS OFF BEFORE END OF HRG PROC 5. %COMPLAINTS/INQ RESPONDED TO IN TIMELY MANNER 6. %LEG HRGS TO WHICH TIMELY WRITTN TESTMNY SUBMTTD 7. %REQUESTS FOR SYSTEMS ADDTNS OR ENHANCE FULFILLED 8. % INFORMATION SYS WORK REQ COMPLTED IN REQ'D TIME	92	85	85	85	85	85	85	85
	94	90	90	90	90	90	90	90
	80	90	90	90	90	90	90	90
	33	35	35	35	35	35	35	35
	92	95	95	95	95	95	95	95
	95	95	95	95	95	95	95	95
	66	71	71	71	71	71	71	71
	87	86	86	86	86	86	86	86
PROGRAM TARGET GROUPS 1. DE FACTO POPULATION IN HAWAII (000) 2. LICENSES (000) 3. DCCA DIVISIONS 4. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA 5. DCCA EMPLOYEES	1395	1410	1425	1440	1455	1470	1485	1500
	318	329	342	352	363	373	385	395
	11	12	12	12	12	12	12	12
	45	45	45	45	45	45	45	45
	372	384	393	393	393	393	393	393
PROGRAM ACTIVITIES 1. # WRITTN NOTICES ISS BY HRGS OFF RE: PROCED EVENTS 2. # PRE-HRG EVENTS BY HRG OFF INVOLVG THE PARTIES 3. # HEARINGS CONDUCTED BY HEARINGS OFFICERS 4. # RECOMMENDED & FINAL ORDERS ISS BY HRGS OFFICERS 5. # INFO PRESENTNS TO PUBLIC FOR EDUC GUIDANCE 6. # SYSTEMS ADDED OR ENHANCED 7. # OF INFORMATION SYSTEMS WORK REQUESTS	516	450	450	450	450	450	450	450
	536	300	300	300	300	300	300	300
	236	250	250	250	250	250	250	250
	220	225	225	225	225	225	225	225
	29	24	24	24	24	24	24	24
	192	186	186	186	186	186	186	186
	4578	4600	4600	4600	4600	4600	4600	4600
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES TOTAL PROGRAM REVENUES	61	45	45	45	45	45	45	45
	266	369	369	368	368	368	368	368
	327	414	414	413	413	413	413	413
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS) GENERAL FUNDS SPECIAL FUNDS TOTAL PROGRAM REVENUES	9	9	9	8	8	8	8	8
	318	405	405	405	405	405	405	405
	327	414	414	413	413	413	413	413

To uphold fairness and public confidence in the marketplace, promote sound consumer practices, and increase knowledge, opportunity, and justice in our community by enhancing program effectiveness and efficiency.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Director's Office.

- 1. MOF B. Add count +1.00 FTE (P) and funding +\$98,000 for Business Management Officer #117842, established 3/20/06; trade-off Education Specialist #92205R in CCA-106.
- 2. MOF B. Add funding +\$45,108 for cost of authorized positions and elimination of turnover savings.
- 3. MOF B. Add funding +81,310 for costs of repairs/maintenance (primarily building maintenance) and electricity costs.

Information Systems Office/Communications Office.

- 1. MOF B. Add count +1.00 FTE (P) and transfer funding from B-cost to A-cost 71,400/+71,400 for Systems Analyst IV.
- 2. MOF B. Convert 2.00 FTE (P) Computer Technicians to I.T. Specialist I; transfer funding from Bcost to A-cost -\$20,704/+\$20,704 to fund cost differential.
- 3. MOF B. Convert 1.00 FTE (P) Computer Programmer III to I.T. Specialist IV; transfer funding from B-cost to A-cost -\$5,208/+\$5,208 to fund cost differential.
- 4. MOF B. Convert 1.00 FTE (P) Data Processing Systems Analyst III to I.T. Specialist IV; transfer funding from B-cost to A-cost -\$2,638/+\$2,638 to fund cost differential.

Office of Administrative Hearings.

1. MOF B. Add funding +\$78,974 for cost of authorized positions.

C. Description of Activities Performed

To meet its objective, the Administrative Division is organized into four divisions: Director's Office, Administrative Services Office, Information Systems Office/Communications Office, and the Office of Administrative Hearings.

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- 1. Director's Office. Provides: (1) general policy and administrative leadership, supervision and coordination of the various programs of the Department; (2) assistance in the direction and supervision of operating divisions; and (3) centralized personnel management and organizational analysis support services to operating divisions.
- 2. Administrative Services Office. Provides all divisions of DCCA with: (1) centralized budgeting and accounting services; (2) centralized clerical services; (3) building management; and (4) other administrative support services.
- 3. Information Systems Office/Communications Office. Provides all divisions of DCCA with: 1) services to find, acquire, implement and maintain information technology; (2) support for telephone systems, through DAGS-ICSD and the State's telephone service providers, for additions, changes and problems to telephone services. This work includes the maintenance of phone directories for internal and external use; 3) services to enhance and update DCCA's web site; and 4) support for Information Line an audio-response, fax-on-demand, computer driven system that contains pre-recorded DCCA contact information, consumer information, consumer alerts, and forms.
- 4. Office of Administrative Hearings. Provides: (1) specialized staff support to all divisions, as well as attached boards/commissions, by conducting pre-hearing conferences and formal hearings to resolve business disputes through impartial and informed treatment of consumer complaints; (2) recommended decisions based on written findings of fact and conclusions of law; (3) administers the Medical Claims Conciliation Panel; (4) hears appeals relating to the administration of the State's Procurement Code; and (5) due process hearings for the Department of Education that arise under the Individuals with Disabilities Education Act.

D. Statement of Key Policies Pursued

The program implements the State Plan for Individual Rights:

- 1. <u>Director's Office</u>. Provides support services in the implementation of the State Plan for Individual Rights, Sociocultural Advancement government, and Fiscal Management government by examining policies and procedures to improve the efficiency and effectiveness of the administrative processes as well as to improve the quality of programmed services provided.
- 2. <u>Administrative Services Office</u>. Provides budget, accounting, cashiering, clerical, building maintenance, and administrative support services for each of the divisions.
- 3. <u>Information Systems Office/Communications Office</u>: 1) Strives to improve the efficiency of divisions' operations and therein provide faster and lower cost service to commerce and consumers; 2) strives to make all public information readily available, up-to-date, and in formats, and at hours of the day and week that are convenient to commerce and consumers; and 3) strives to protect information from malicious or fraudulent tampering or inappropriate release.
- 4. Office of Administrative Hearings. Provides a fair, simple, and speedy adjudication of contested cases by conducting administrative hearings. The administrative review of determinations will provide a basis for informed and correct administrative action to protect individual rights against arbitrariness, whim and unreasonableness.

E. Identification of Important Program Relationships

The Office of Administrative Hearings assists and maintains contacts with compatible programs in the Department of Agriculture, Attorney General, Health, Land and Natural Resources, Transportation, and other agencies of the State government. Information Systems Office/Communications Office assists and maintains contact with compatible programs in the Department of Accounting and General Services.

F. Description of Major External Trends Affecting the Program

The program is affected by major external trends as they affect the other programs within the Department.

Public awareness of consumerism continues to affect the number of complaints processed by the Office of Administrative Hearings. Public interest in having governmental services on-line affect the volume of work performed by the Information Systems Office/Communications Office.

G. Discussion of Cost, Effectiveness, and Program Size Data

The Director of Commerce and Consumer Affairs is responsible for the effective administration of all departmental programs. In order to enable these programs to function efficiently, the Director is required to provide adequate resources and management services to insure efficient and effective utilization of manpower and expenditures.

The current program organization and activities are subject to change depending upon the amount and quality of centralized administrative support services and specific supportive services required for effective coordination of resources and objectives of the departmental program. Any increase in the number of programs or activities placed in the department by legislative action will cause a proportionate increase in the administration and management of resources available, program planning, accounting and disbursement of general, special, and capital improvement monies, as well as personnel services, centralized mail processing, records reproduction services and other centralized administrative support services provided.

H. Discussion of Program Revenue

Estimation of program revenues is based on past collections and future estimates of the licensee population.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

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